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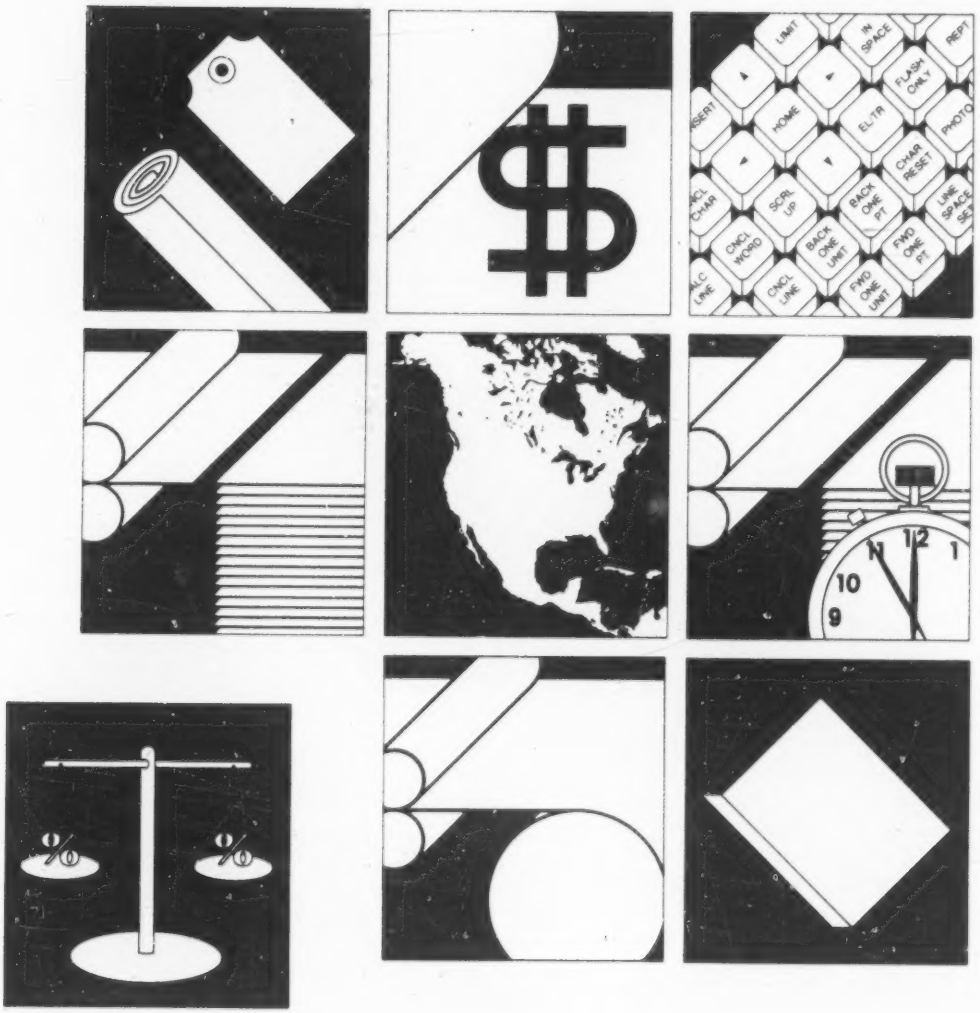
PPA INC

FINANCIAL SERVICES

1985 Financial Ratio Study



Volume X
Large Printers

ABOUT PIA...

Printing Industries of America, Inc., is a federation of national, regional, state, and city associations composed of over 12,000 graphic arts firms. PIA and its affiliated associations comprise the largest trade association in the world dedicated to serving the interests of the graphic arts community. Membership in one of PIA's Affiliated Associations automatically entitles an organization PIA membership.

PIA's Financial Services offers the following products and services:

- PrintFinance: PIA in conjunction with Merrill Lynch brings you an innovative, comprehensive financial package called PrintFinance, available only from PIA Financial Services. PrintFinance is a unique competitively priced financial services package developed especially for the printing industry and allied graphic arts firms.
- The Annual PIA Financial Ratio Study - A Multinational Financial Survey
- Money Manager - A Monthly Financial newsletter with an exclusive print activity forecast: PrintOutlook
- Reprints of "Economics and Financial Management" articles from issues of PIA Management News
- Financial Management/Investment Banking Seminars
- Production Profit Target Program: production guidelines for sheetfed presses, web presses, bindery, and prepress equipment

For further information, contact:

William A. Rose, II
Director, PIA Financial Services
1730 North Lynn Street
Arlington, Virginia 22209
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PIA's Education and Publication Services is active in financial management, offering numerous publications on the subject:

- Best & Worst Markets for Printers in the 1980's (a unique marketing and financial planning aid, available by subscription directly from PIA)
- Cost Accounting for the Job Order Printer
- Graphic Arts Estimating, Volume I
- Money Making Guide to Printing Estimating, revised edition
- Running in the Black: Six Steps to Managing Printing Profitability
- Sales Compensation in the Printing Industry - 1983
- Simplified Cost System
- Tax Planning for Your Graphic Arts Business
- Understanding Value Added
- Value Added Financial Management: A Guide for Printers
- 1981–82 Production Management Compensation Survey
- 1983 Survey of Sales Management: Practices and Compensation

Members may obtain these books through their PIA Affiliated Associations' Graphic Arts Bookstores, or by calling 1-800/PIA-DATA. Available free upon request from PIA is PrintCatalog, a comprehensive listing of all the publications and programs offered by all components of PIA. For further information about how to order or about the contents of publications, contact:

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Volume X: Large Printers

An Annual Financial Survey Conducted By:
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PRINTING INDUSTRIES OF AMERICA, INC.

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Dear Colleague:

1985 is the 62nd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S., Canada, and throughout the world. In addition, it allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Please refer your questions on the PIA Ratio Study to your nearest local PIA affiliated association or to me at the address above.

William A. Rose, II
Director, PIA Financial Services

Dear Member of the Graphic Arts Community:

In the accompanying pages are the 1985 PIA FINANCIAL RATIOS FOR LARGE PRINTERS. This Ratio Study was developed on the basis of questionnaires volunteered by 141 firms and presents the ratios and statistics of Large Printers (annual sales volume of $10,00,000 or more) by sales volume and product.

Thus the user of the report can direct himself to the standards for his sales volume — for example, sales from $10 to $20 million, $20 to $40 million, etc.; and product specialty — for example, Commercial and Advertising, Magazine and Periodical, etc. Readers can compare the data from their own firm's financial statements with similar data from other firms in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

We strongly believe in the importance of sharing this type of information among members of the graphic arts community and are proud to have played a role in these studies.

H.R. Margolis Company
Certified Public Accountants
Bala Cynwyd, Pennsylvania

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Printing Industries of America, Inc. recognizes that the industry's largest printing firms have some unique needs which are not generally being met in the industry. For this reason PIA has developed programs and services for the benefit of these companies. One of these services is this special ratio study undertaken exclusively for companies of this size. Another effort on the part of PIA to meet the needs of large firms is the Conference Board of Major Printers. Listed below is information regarding this PIA special section.

- CBMP is the only organization dedicated to the needs of the large printers.
- Membership is limited to Chief Executive Officers of selected printing companies.
- CBMP pursues specific projects of special interest to large printers, via special presentations at the bi-annual Meetings, and via montly *UP-DATE SURVEYS* and *REPORTS* on current topics of interest.
- CBMP represents the interests of the major printers within PIA, by assuring that appropriate PIA programs are offered to its members.
- CBMP provides basic leadership to the printing industry as a whole.
- CBMP studies the impact of government regulations and legislation on the large printing organizations.
- CBMP studies the impact on large printers of suppliers of equipment and materials.
- CBMP strives toward better understanding of customer needs through its own special studies.
- CBMP is comprised of over 40 member companies who produce every type of printed product.
- CBMP is dedicated to provide guidance in the area of quality control, materials management, and other management disciplines for the large printer.

Laura M. Yoder, Exec. Director
Conference-Board of Major Printers
(703) 841-4803

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less materials costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of presentation management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead, the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.41	40.00	43.86	38.31
FACTORY EXPENSES	20.57	18.86	20.16	17.51
TOTAL FACTORY COST OF PRODUCT	64.98	58.86	64.02	55.82
GROSS PROFIT	35.02	41.14	35.98	44.18
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.33	9.28	11.12	10.58
Selling expenses	12.41	10.68	14.07	13.56
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	22.74	19.96	25.19	24.14
INCOME BEFORE INTEREST EXPENSE	12.28	21.18	10.79	20.04
Interest expense	3.19	2.11	3.36	1.93
OPERATING INCOME	9.09	19.07	7.43	18.11
Other income	1.36	1.72	1.55	1.53
INCOME BEFORE INCOME TAXES	10.45	20.79	8.98	19.64

* See page 10 for the definition of "Profit Leaders".
** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
45.61	40.66	42.61	41.31	45.85
21.37	19.82	19.67	19.79	21.21
66.98	60.48	62.28	61.10	67.06
33.02	39.52	37.72	38.90	32.94
9.79	8.48	9.17	8.15	8.00
10.56	9.19	11.80	7.71	9.99
20.35	17.67	20.97	15.86	17.99
12.67	21.85	16.75	23.04	14.95
2.82	2.43	3.46	2.01	3.65
9.85	19.42	13.29	21.03	11.30
1.18	2.10	1.27	1.52	0.62
11.03	21.52	14.56	22.55	11.92

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.85%	2.52%	2.81%	2.73%
Direct wages	27.80	25.76	28.39	26.70
General factory salaries and wages	4.55	3.83	4.03	2.34
Packing, shipping and delivery wages	1.48	1.29	1.48	1.17
Payroll taxes	2.94	2.46	2.83	2.39
Employee benefits	4.79	4.14	4.32	2.98
TOTAL FACTORY PAYROLL	44.41	40.00	43.86	38.31
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.58	0.45	0.65	0.43
Depreciation - other	5.11	5.05	5.16	4.84
Taxes - real estate	0.45	0.37	0.42	0.31
Taxes - other	0.29	0.23	0.33	0.23
Insurance	0.36	0.38	0.43	0.53
Building rent	0.87	0.81	1.02	1.06
Utilities - heat, light, etc.	2.53	2.25	2.27	1.76
Equipment rental	0.55	0.45	0.61	0.28
Total Fixed Expenses	10.74	9.99	10.89	9.44
Other Expenses				
Factory supplies and expense	4.25	3.83	3.66	3.22
Packing, shipping and delivery expense	1.53	1.48	1.53	1.40
Repairs and maintenance	2.68	2.47	2.56	2.29
Other factory expenses	1.37	1.09	1.52	1.16
Total Other Expenses	9.83	8.87	9.27	8.07
TOTAL FACTORY EXPENSES	20.57	18.86	20.16	17.51
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.28	2.31	2.56	2.92
Salaries - office	2.53	2.25	2.76	2.62
Payroll taxes	0.30	0.29	0.33	0.37
Employee benefits	0.71	0.64	0.67	0.62
Bad debts	0.72	0.51	0.80	0.48
Office supplies and xpenses	0.53	0.44	0.62	0.49
Professional fees	0.67	0.61	0.75	0.65
Taxes - business	0.18	0.14	0.22	0.17
Telephone	0.49	0.45	0.55	0.53
Other administrative expenses	1.92	1.64	1.86	1.73
TOTAL ADMINISTRATIVE EXPENSES	10.33	9.28	11.12	10.58
SELLING EXPENSES				
Salaries - executive	1.37	1.31	1.67	1.82
Salaries and commissions - salesmen	5.64	4.31	6.39	5.03
Salaries - sales office clerical	1.39	1.24	1.64	1.98
Payroll taxes	0.40	0.36	0.45	0.52
Employee benefits	0.64	0.60	0.71	0.85
Advertising	0.43	0.32	0.49	0.45
Travel and entertainment	1.02	0.82	1.18	0.98
Other selling expenses	1.52	1.72	1.54	1.93
TOTAL SELLING EXPENSES	12.41	10.68	14.07	13.56

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $150 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.07%	2.67%	2.67%	1.82%	2.26%
27.37	24.94	26.16	25.22	30.40
4.96	4.05	5.31	5.96	3.46
1.51	1.22	1.60	2.28	1.11
3.02	2.61	2.32	1.90	5.63
5.68	5.17	4.55	4.13	2.99
45.61	40.66	42.61	41.31	45.85
0.46	0.45	0.42	0.55	1.24
5.14	5.44	4.64	4.39	5.90
0.35	0.38	0.57	0.52	1.61
0.32	0.27	0.09	0.15	0.08
0.29	0.30	0.22	0.22	0.39
0.85	0.79	0.38	0.28	0.49
2.77	2.54	2.71	2.56	3.14
0.57	0.63	0.37	0.46	0.09
10.75	10.80	9.40	9.13	12.94
5.12	4.43	4.24	3.89	4.17
1.58	1.25	1.57	2.12	0.47
2.67	2.49	3.16	2.90	2.76
1.25	0.85	1.30	1.75	0.87
10.62	9.02	10.27	10.66	8.27
21.37	19.82	19.67	19.79	21.21
2.17	2.17	1.70	1.25	1.23
2.24	2.00	2.32	1.81	2.62
0.29	0.24	0.22	0.17	0.37
0.78	0.69	0.69	0.58	0.49
0.70	0.55	0.46	0.56	0.59
0.46	0.42	0.37	0.37	0.28
0.57	0.58	0.70	0.64	0.52
0.18	0.13	0.08	0.13	0.05
0.43	0.42	0.42	0.25	0.41
1.97	1.28	2.21	2.39	1.44
9.79	8.48	9.17	8.15	8.00
0.97	1.18	1.55	0.45	0.56
4.86	3.87	5.08	3.76	4.88
1.20	0.75	1.14	0.59	0.61
0.36	0.32	0.29	0.07	0.50
0.61	0.50	0.54	0.21	0.23
0.35	0.24	0.31	0.21	0.78
0.83	0.85	0.95	0.29	0.90
1.38	1.48	1.94	2.13	1.53
10.56	9.19	11.80	7.71	9.99

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	28.76	26.82	28.27	25.53
Other chargeable materials	6.84	6.74	5.58	5.23
Outside services	6.57	6.16	7.72	6.83
TOTAL MATERIALS	42.17	39.72	41.57	37.59
FACTORY PAYROLL	25.67	24.05	25.59	23.78
FACTORY EXPENSES	11.76	11.26	11.55	10.82
TOTAL FACTORY COST OF PRODUCT	79.60	75.03	78.71	72.19
GROSS PROFIT	20.40	24.97	21.29	27.81
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	5.97	5.66	6.46	6.63
Selling expenses	7.27	6.73	8.36	8.81
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	13.24	12.39	14.82	15.44
INCOME BEFORE INTEREST EXPENSE	7.16	12.58	6.47	12.37
Interest expense	1.77	1.19	1.91	1.12
OPERATING INCOME	5.39	11.39	4.56	11.25
Other income	0.74	1.01	0.83	0.97
INCOME BEFORE INCOME TAXES	6.13	12.40	5.39	12.22

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	3.34%	3.44%	2.34%	2.21%
Film	0.93	0.94	1.05	1.22
Plates	0.99	0.93	1.07	0.92
Other chargeable materials	1.58	1.43	1.12	0.88
TOTAL OTHER CHARGEABLE MATERIALS	6.84	6.74	5.58	5.23
OUTSIDE SERVICES				
Composition	0.36	0.11	0.52	0.22
Offset preparation	1.19	0.71	1.71	1.49
Printing	1.66	1.51	2.07	1.28
Binding	1.81	1.84	2.06	2.11
Other outside services	1.55	1.99	1.36	1.73
TOTAL OUTSIDE SERVICES	6.57	6.16	7.72	6.83

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
27.90	26.48	34.55	32.53	26.53
7.50	6.74	9.28	9.89	10.60
5.41	6.06	5.33	5.52	6.20
40.81	39.28	49.16	47.94	43.33
26.95	24.63	22.02	21.83	25.08
12.51	11.86	10.16	10.55	12.17
80.27	75.77	81.34	80.32	80.58
19.73	24.23	18.66	19.68	19.42
5.80	5.19	4.68	4.38	4.67
6.37	5.85	5.68	3.88	5.85
12.17	11.04	10.36	8.26	10.52
7.56	13.19	8.30	11.42	8.90
1.51	1.34	1.80	1.16	2.36
6.05	11.85	6.50	10.26	6.54
0.67	1.19	0.63	0.89	0.31
6.72	13.04	7.13	11.15	6.85
4.15%	3.74%	4.47%	4.79%	6.44%
0.89	0.97	0.54	0.37	0.64
0.87	0.90	0.70	0.70	1.63
1.59	1.13	3.57	4.03	1.89
7.50	6.74	9.28	9.89	10.60
0.24	0.06	0.10	0.06	0.34
0.56	0.29	1.08	0.60	0.69
1.21	1.73	1.26	1.54	1.66
1.52	1.58	2.02	2.43	0.86
1.88	2.40	0.87	0.89	2.65
5.41	6.06	5.33	5.52	6.20

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.67%	1.56%	1.68%	1.72%
Direct wages	16.00	15.39	16.48	16.44
General factory salaries and wages	2.64	2.31	2.37	1.48
Packing, shipping and delivery wages	0.85	0.78	0.85	0.74
Payroll taxes	1.72	1.51	1.67	1.47
Employee benefits	2.79	2.50	2.54	1.93
TOTAL FACTORY PAYROLL	25.67	24.05	25.59	23.78
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.33	0.28	0.36	0.27
Depreciation - other	2.89	2.97	2.94	2.94
Taxes - real estate	0.25	0.21	0.23	0.18
Taxes - other	0.17	0.14	0.19	0.14
Insurance	0.21	0.24	0.25	0.33
Building rent	0.51	0.51	0.59	0.67
Utilities - heat, light, etc.	1.45	1.33	1.32	1.09
Equipment rental	0.32	0.27	0.36	0.18
Total Fixed Expenses	6.13	5.95	6.24	5.80
Other Expenses				
Factory supplies and expense	2.47	2.29	2.15	2.04
Packing, shipping and delivery expense	0.87	0.91	0.83	0.85
Repairs and maintenance	1.52	1.46	1.47	1.41
Other factory expenses	0.77	0.65	0.86	0.72
Total Other Expenses	5.63	5.31	5.31	5.02
TOTAL FACTORY EXPENSES	11.76	11.26	11.55	10.82
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.32	1.41	1.49	1.80
Salaries - office	1.43	1.37	1.59	1.63
Payroll taxes	0.18	0.18	0.19	0.24
Employee benefits	0.41	0.40	0.39	0.41
Bad debts	0.40	0.30	0.44	0.28
Office supplies and expenses	0.31	0.26	0.37	0.30
Professional fees	0.39	0.37	0.43	0.41
Taxes - business	0.11	0.09	0.13	0.10
Telephone	0.29	0.28	0.32	0.34
Other administrative expenses	1.13	1.00	1.11	1.12
TOTAL ADMINISTRATIVE EXPENSES	5.97	5.66	6.46	6.63
SELLING EXPENSES				
Salaries - executive	0.80	0.82	1.00	1.15
Salaries and commissions - salesmen	3.26	2.65	3.71	3.22
Salaries - sales office clerical	0.83	0.81	1.01	1.35
Payroll taxes	0.24	0.24	0.28	0.34
Employee benefits	0.38	0.39	0.43	0.56
Advertising	0.26	0.20	0.30	0.29
Travel and entertainment	0.59	0.52	0.70	0.64
Other selling expenses	0.91	1.10	0.93	1.26
TOTAL SELLING EXPENSES	7.27	6.73	8.36	8.81

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.82%	1.67%	1.37%	1.01%	1.22%
16.07	14.98	13.56	13.19	16.69
2.98	2.51	2.69	3.14	1.83
0.89	0.76	0.80	1.19	0.70
1.81	1.63	1.22	1.09	3.09
3.38	3.08	2.38	2.21	1.55
26.95	24.63	22.02	21.83	25.08
0.27	0.28	0.23	0.31	0.74
2.99	3.20	2.40	2.34	3.25
0.20	0.22	0.28	0.26	1.02
0.18	0.16	0.05	0.09	0.05
0.17	0.18	0.12	0.13	0.24
0.51	0.51	0.19	0.16	0.30
1.60	1.48	1.41	1.42	1.85
0.32	0.38	0.19	0.24	0.05
6.24	6.41	4.87	4.95	7.50
3.05	2.61	2.18	2.04	2.35
0.95	0.81	0.86	1.19	0.27
1.55	1.50	1.58	1.46	1.57
0.72	0.53	0.67	0.91	0.48
6.27	5.45	5.29	5.60	4.67
12.51	11.86	10.16	10.55	12.17
1.27	1.30	0.89	0.65	0.70
1.33	1.23	1.15	0.99	1.54
0.17	0.15	0.11	0.10	0.21
0.46	0.42	0.36	0.33	0.28
0.40	0.34	0.22	0.27	0.34
0.28	0.26	0.20	0.20	0.16
0.34	0.37	0.36	0.34	0.30
0.11	0.09	0.04	0.07	0.03
0.26	0.26	0.22	0.14	0.25
1.18	0.77	1.13	1.29	0.86
5.80	5.19	4.68	4.38	4.67
0.58	0.74	0.74	0.23	0.30
2.93	2.46	2.40	1.79	2.81
0.70	0.46	0.61	0.31	0.32
0.22	0.20	0.14	0.04	0.30
0.37	0.31	0.27	0.11	0.13
0.22	0.16	0.15	0.11	0.49
0.49	0.53	0.47	0.16	0.52
0.86	0.99	0.90	1.13	0.98
6.37	5.85	5.68	3.88	5.85

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.07%	6.92%	4.39%	9.42%
Receivables	30.70	28.95	31.92	29.96
Inventories	16.27	12.85	15.78	10.96
Other current assets	3.92	5.33	4.30	4.97
TOTAL CURRENT ASSETS	54.96	54.05	56.39	55.31
FIXED ASSETS				
Real estate	14.41	11.67	15.13	11.35
Less: Accumulated depreciation	3.89	2.64	3.97	2.72
	10.52	9.03	11.16	8.63
Machinery and equipment	58.21	55.29	56.58	48.87
Less: Accumulated depreciation	29.04	25.16	29.78	22.59
	29.17	30.13	26.80	26.28
Other fixed assets	4.54	5.02	5.48	7.15
Less: Accumulated depreciation	2.20	2.24	2.94	3.42
	2.34	2.78	2.54	3.73
NET FIXED ASSETS	42.03	41.94	40.50	38.64
OTHER ASSETS	3.01	4.01	3.11	6.05
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	7.45	3.14	8.45	2.66
Accounts pavable	12.22	10.70	12.55	11.06
Other current liabilities	10.52	10.52	10.30	11.05
TOTAL CURRENT LIABILITIES	30.19	24.36	31.30	24.77
LONG-TERM LIABILITIES	27.78	23.46	27.72	21.82
TOTAL LIABILITIES	57.97	47.82	59.02	46.59
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.03	52.18	40.98	53.41
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.82	2.22	1.80	2.23
QUICK RATIO	1.28	1.69	1.30	1.79
TOTAL LIABILITIES TO EQUITY	1.38	0.92	1.44	0.87
LONG-TERM LIABILITIES TO EQUITY	0.66	0.45	0.68	0.41
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.50	0.46	0.53	0.46

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
4.44%	6.46%	1.24%	2.49%	5.14%
29.16	27.00	31.49	32.81	25.65
16.57	12.67	18.79	18.65	12.84
4.22	6.56	2.35	3.69	1.13
54.39	52.69	53.87	57.64	44.76
13.18	11.09	14.16	12.08	16.47
3.88	2.30	3.28	2.84	4.33
9.30	8.79	10.88	9.24	12.14
59.04	56.81	60.55	63.50	61.91
28.36	24.13	28.81	32.45	23.42
30.68	32.68	31.74	31.05	38.49
3.97	4.33	2.74	1.79	3.06
1.68	1.69	1.02	0.82	0.87
2.29	2.64	1.72	0.97	2.19
42.27	44.11	44.34	41.26	52.82
3.34	3.20	1.79	1.10	2.42
100.00	100.00	100.00	100.00	100.00
6.17	3.40	8.68	4.39	3.08
12.16	10.42	11.62	11.25	10.49
12.44	11.81	6.32	5.34	7.86
30.77	25.63	26.62	20.98	21.43
26.48	27.36	26.66	18.17	44.73
57.25	52.99	53.28	39.15	66.16
42.75	47.01	46.72	60.85	33.84
100.00	100.00	100.00	100.00	100.00
1.77	2.06	2.02	2.75	2.09
1.23	1.56	1.32	1.86	1.49
1.34	1.13	1.14	0.64	1.96
0.62	0.58	0.57	0.30	1.32
0.48	0.42	0.48	0.51	0.38

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 56,071	$ 62,904	$ 50,893	$ 53,847
Average assets per factory employee (Excluding Executives)	72,156	78,632	67,899	71,388
Average net worth per employee - All employees	22,324	30,293	20,354	27,256
Average gross plant investment per factory employee (Excluding Executives)	54,599	57,045	50,882	47,435
Net worth percentage of fixed assets	116.91%	139.94%	117.06%	152.11%
EMPLOYEES				
Percent factory - All employees	82.47%	84.31%	80.04%	80.06%
Percent administrative - All employees	8.25	7.65	8.87	8.73
Percent sales - All employees	9.28	8.04	11.09	11.21
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 96,134	$ 100,283	$ 90,057	$ 92,033
Sales per factory employee	118,178	119,979	114,043	116,250
Sales less material per factory employee	66,369	69,983	65,414	71,712
Sales per administrative employee	1,380,001	1,569,708	1,108,307	1,195,105
EXCLUDING EXECUTIVES				
Sales per employee - All employees	102,624	106,450	96,461	98,562
Sales per factory employee	124,182	125,562	119,824	122,308
Sale- less material per factory employee	69,758	73,413	68,832	75,651
SALES PER SALESMAN	1,795,803	2,087,302	1,258,944	1,493,372
SALES TO CURRENT ASSETS	350%	334%	347%	339%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	34.53%	32.31%	35.69%	34.47%
Factory payroll percentage of gross plant investment	64.61	61.81	66.54	67.35
Payroll per employee - All employees	$ 31,706	$ 30,722	$ 31,092	$ 30,765
Payroll per factory employee	28,535	27,244	27,661	26,596
Payroll per administrative employee	39,115	43,336	37,890	44,240
Payroll per sales employee	60,991	62,655	54,353	59,075
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 24,550	$ 23,533	$ 24,278	$ 23,738
Payroll per factory employee	22,827	21,864	22,449	21,861
Payroll per administrative employee	19,946	20,322	19,429	20,025
Payroll per sales employee	49,466	45,904	42,947	39,912
EXECUTIVE PAYROLL				
Payroll per executive - All executives	68,065	70,543	64,431	77,185
Payroll per factory executive	44,638	45,869	46,317	49,382
Payroll per administrative executive	94,603	105,155	86,568	106,838
Payroll per sales executive	81,078	96,659	77,948	95,008
RECEIVABLES				
Collection period	63.9	63.6	64.7	63.9
PROFIT				
Gross profit percentage of sales	20.40%	24.97%	21.29%	27.81%
Average gross profit per factory employee	$ 25,491	$ 31,265	$ 26,057	$ 34,713
Income before taxes percentage of sales	6.13%	12.40%	5.39%	12.22%
Average income before taxes per employee	$ 6,068	$ 12,213	$ 4,973	$ 11,159

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 59,447	$ 71,499	$ 65,077	$ 67,786	$ 70,386
74,408	87,088	82,802	81,122	81,372
22,949	29,214	30,101	42,241	20,006
56,564	65,131	61,368	61,521	67,494
123.09%	124.36%	114.03%	159.07%	65.59%
84.85%	87.00%	83.74%	87.26%	88.45%
7.64	6.87	7.77	7.28	7.28
7.51	6.13	8.49	5.46	4.27
$ 97,162	$ 99,587	$ 119,982	$ 130,378	$ 98,637
115,893	115,310	147,407	151,481	111,387
66,658	67,184	71,970	75,451	59,447
1,572,832	1,693,333	1,846,520	2,349,875	1,883,438
103,598	105,570	128,064	137,037	102,797
121,700	120,536	155,900	157,781	115,897
69,981	70,414	75,958	78,572	61,759
2,112,737	2,092,907	2,475,006	2,887,901	4,438,814
353%	322%	356%	328%	338%
34.98%	31.90%	28.69%	26.39%	31.69%
67.15	60.63	52.62	51.46	49.82
$ 32,358	$ 30,245	$ 32,780	$ 31,761	$ 30,185
29,497	26,798	29,672	30,095	27,448
40,524	43,405	40,127	39,705	36,216
65,029	70,874	64,689	44,573	102,570
$ 24,576	$ 22,371	$ 25,940	$ 26,113	$ 23,633
23,011	20,694	24,275	25,119	21,714
19,459	19,477	22,081	21,472	23,031
52,401	52,276	58,934	39,343	82,650
73,431	71,449	65,592	50,851	72,471
41,754	44,964	37,685	39,922	68,651
102,045	110,069	106,062	86,546	100,364
82,619	107,406	85,649	70,376	93,585
62.4	63.5	64.8	66.6	66.1
19.73%	24.23%	18.66%	19.68%	19.42%
$ 23,790	$ 28,394	$ 30,211	$ 32,377	$ 20,179
6.72%	13.04%	7.13%	11.15%	6.85%
$ 6,652	$ 12,528	$ 8,909	$ 14,916	$ 6,281

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.52	$ 4.34	$ 2.62	$ 5.91
Receivables	16.98	16.97	17.22	17.01
Inventories	8.89	7.36	8.34	6.02
Marketable securities	1.13	2.37	1.34	3.03
Other current assets	1.45	1.42	1.50	0.81
	30.97	32.46	31.02	32.78
Plant Investment:				
Land and building	8.57	7.54	8.84	6.85
Machinery and equipment	33.52	34.90	31.43	29.25
Other fixed assets	2.40	2.70	2.80	3.74
	44.49	45.14	43.07	39.84
Non-Current Assets	2.07	2.98	1.97	3.71
TOTAL INVESTMENT	77.53	80.58	76.06	76.33
INVESTMENT TURNOVER PER $100 OF SALES	128.98%	124.10%	131.48%	131.01%
EARNINGS				
Cost of Product	$79.60	$75.03	$78.71	$72.19
Selling Expenses	7.27	6.73	8.36	8.81
Administrative Expenses	5.97	5.66	6.46	6.63
	92.84	87.42	93.53	87.63
Income Before Interest, Other Income, and Taxes	7.16	12.58	6.47	12.37
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.23%	15.61%	8.51%	16.21%

** Sample insufficient for Profit Leaders.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 2.80	$ 4.02	$ 0.90	$ 1.69	$ 3.55
16.57	16.93	17.24	17.79	17.42
9.30	7.82	10.21	9.77	9.08
1.22	2.48	0.16	0.40	0.38
1.59	2.09	1.20	1.65	0.42
31.48	33.34	29.71	31.30	30.85
7.94	7.97	8.04	7.19	12.52
34.81	39.11	34.65	36.66	46.17
2.17	2.44	1.38	0.85	2.30
44.92	49.52	44.07	44.70	60.99
2.58	3.20	1.19	0.78	1.48
78.98	86.06	74.97	76.78	93.32
126.61%	116.20%	133.39%	130.24%	107.16%
$80.27	$75.77	$81.34	$80.32	$80.58
6.37	5.85	5.68	3.88	5.85
5.80	5.19	4.68	4.38	4.67
92.44	86.81	91.70	88.58	91.10
7.56	13.19	8.30	11.42	8.90
9.57%	15.33%	11.07%	14.87%	9.54%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.10	39.05	46.98	42.80
FACTORY EXPENSES	19.98	17.67	23.12	22.27
TOTAL FACTORY COST OF PRODUCT	63.08	56.72	70.10	65.07
GROSS PROFIT	36.92	43.28	29.90	34.93
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.06	9.01	9.65	8.47
Selling expenses	13.83	12.73	7.12	6.02
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.89	21.74	16.77	14.49
INCOME BEFORE INTEREST EXPENSE	13.03	21.54	13.13	20.44
Interest expense	3.40	1.81	3.32	2.37
OPERATING INCOME	9.63	19.73	9.81	18.07
Other income	1.12	1.12	1.69	2.44
INCOME BEFORE INCOME TAXES	10.75	20.85	11.50	20.51

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
48.72	48.98	48.34	38.08	47.42
22.48	23.18	20.13	18.48	21.05
71.20	72.16	68.47	56.56	68.47
28.80	27.84	31.53	43.44	31.53
9.48	6.98	11.32	9.76	8.35
6.57	9.74	11.63	12.16	14.90
16.05	16.72	22.95	21.92	23.25
12.75	11.12	8.58	21.52	8.28
4.77	1.07	1.96	2.01	2.25
7.98	10.05	6.62	19.51	6.03
0.35	0.76	2.39	1.77	1.45
8.33	10.81	9.01	21.28	7.48

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.71%	2.78%	2.92%	2.07%
Direct wages	27.65	25.79	28.43	26.19
General factory salaries and wages	4.29	3.00	5.49	6.13
Packing, shipping and delivery wages	1.43	1.20	1.43	1.03
Payroll taxes	2.63	2.35	3.36	2.61
Employee benefits	4.39	3.93	5.35	4.77
TOTAL FACTORY PAYROLL	43.10	39.05	46.98	42.80
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.62	0.45	0.52	0.46
Depreciation - other	5.35	4.80	5.72	5.80
Taxes - real estate	0.42	0.38	0.53	0.35
Taxes - other	0.25	0.20	0.29	0.30
Insurance	0.39	0.44	0.31	0.31
Building rent	1.02	1.10	0.74	0.33
Utilities - heat, light, etc.	2.38	2.03	3.13	2.80
Equipment rental	0.46	0.39	0.84	0.57
Total Fixed Expenses	10.89	9.79	12.08	10.92
Other Expenses				
Factory supplies and expense	3.71	3.36	4.99	4.54
Packing, shipping and delivery expense	1.60	1.18	1.48	2.20
Repairs and maintenance	2.54	2.45	3.11	2.87
Other factory expenses	1.24	0.89	1.46	1.74
Total Other Expenses	9.09	7.88	11.04	11.35
TOTAL FACTORY EXPENSES	19.98	17.67	23.12	22.27
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.21	2.13	2.14	1.99
Salaries - office	2.51	2.21	2.23	2.07
Payroll taxes	0.30	0.29	0.29	0.23
Employee benefits	0.67	0.57	0.72	0.72
Bad debts	0.67	0.44	0.95	0.68
Office supplies and expenses	0.46	0.39	0.43	0.47
Professional fees	0.63	0.58	0.76	0.65
Taxes - business	0.15	0.13	0.12	0.17
Telephone	0.52	0.45	0.39	0.30
Other administrative expenses	1.94	1.82	1.62	1.19
TOTAL ADMINISTRATIVE EXPENSES	10.06	9.01	9.65	8.47
SELLING EXPENSES				
Salaries - executive	1.34	1.29	1.01	1.41
Salaries and commissions - salesmen	7.03	5.48	2.38	1.65
Salaries - sales office clerical	1.27	1.42	1.10	0.76
Payroll taxes	0.41	0.44	0.27	0.15
Employee benefits	0.66	0.74	0.44	0.33
Advertising	0.51	0.41	0.30	0.12
Travel and entertainment	1.12	0.88	0.66	0.53
Other selling expenses	1.49	2.07	0.96	1.07
TOTAL SELLING EXPENSES	13.83	12.73	7.12	6.02

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
0.71%	1.24%	4.26%	3.08%	2.86%
34.70	31.21	27.98	24.51	30.85
3.21	5.78	5.36	2.83	2.73
1.57	0.07	1.21	1.04	1.30
3.71	6.24	3.77	2.51	2.20
4.82	4.44	5.76	4.11	7.48
48.72	48.98	48.34	38.08	47.42
0.82	0.33	0.52	0.40	0.30
5.63	6.70	3.52	4.92	2.86
0.17	0.98	0.41	0.50	1.06
0.34	0.36	0.46	0.03	0.26
0.48	0.28	0.21	0.08	0.22
0.47	0.75	0.15	0.17	1.23
2.74	2.22	2.58	3.14	2.09
0.05	1.16	1.08	0.61	0.08
10.70	12.78	8.93	9.85	8.10
5.74	5.26	5.79	4.43	3.26
1.51	1.72	1.09	0.61	1.31
3.92	3.21	3.31	2.80	3.08
0.61	0.21	1.01	0.79	5.30
11.78	10.40	11.20	8.63	12.95
22.48	23.18	20.13	18.48	21.05
3.34	0.90	2.30	3.90	1.13
2.02	1.53	3.09	1.99	2.80
0.16	0.33	0.41	0.27	0.25
0.54	0.56	0.80	0.59	0.51
0.94	0.37	0.33	0.37	0.18
0.70	0.30	0.44	0.33	0.15
0.63	0.45	0.90	0.65	0.31
0.32	0.70	0.63	0.00	0.00
0.58	0.50	0.45	0.56	0.45
0.25	1.34	1.97	1.10	2.57
9.48	6.98	11.32	9.76	8.35
0.58	1.09	1.34	1.96	1.91
4.35	2.13	4.48	5.36	4.86
0.16	4.03	1.60	1.18	1.92
0.04	0.56	0.49	0.54	0.45
0.16	0.44	0.69	0.49	0.78
0.08	0.50	0.19	0.04	0.90
1.04	0.69	1.10	2.24	1.96
0.16	0.30	1.74	0.35	2.12
6.57	9.74	11.63	12.16	14.90

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	27.93	26.45	29.37	27.84
Other chargeable materials	6.81	6.61	7.84	8.15
Outside services	7.94	6.46	3.84	4.45
TOTAL MATERIALS	42.68	39.52	41.05	40.44
FACTORY PAYROLL	24.58	23.50	27.64	25.42
FACTORY EXPENSES	11.27	10.56	13.58	13.26
TOTAL FACTORY COST OF PRODUCT	78.53	73.58	82.27	79.12
GROSS PROFIT	21.47	26.42	17.73	20.88
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	5.75	5.56	5.67	5.02
Selling expenses	8.12	8.07	4.21	3.62
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	13.87	13.63	9.88	8.64
INCOME BEFORE INTEREST EXPENSE	7.60	12.79	7.85	12.24
Interest expense	1.86	1.05	1.94	1.36
OPERATING INCOME	5.74	11.74	5.91	10.88
Other income	0.60	0.72	0.98	1.43
INCOME BEFORE INCOME TAXES	6.34	12.46	6.89	12.31

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	3.27%	2.90%	4.75%	5.03%
Film	0.97	1.12	0.85	0.76
Plates	0.88	0.83	1.26	1.22
Other chargeable materials	1.69	1.76	0.98	1.14
TOTAL OTHER CHARGEABLE MATERIALS	6.81	6.61	7.84	8.15
OUTSIDE SERVICES				
Composition	0.47	0.14	0.10	0.03
Offset preparation	1.53	0.81	0.91	0.57
Printing	1.93	1.36	1.28	2.01
Binding	2.48	2.42	0.61	0.55
Other outside services	1.53	1.73	0.94	1.29
TOTAL OUTSIDE SERVICES	7.94	6.46	3.84	4.45

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
43.71	36.84	25.78	20.86	29.48
8.00	7.03	6.99	8.00	2.16
2.13	5.47	6.46	13.84	8.20
53.84	49.34	39.23	42.70	39.84
22.48	23.72	29.31	21.90	28.30
10.35	11.82	12.08	10.50	12.76
86.67	84.88	80.62	75.10	80.90
13.33	15.12	19.38	24.90	19.10
4.35	3.91	6.86	5.60	5.15
2.93	5.68	7.32	7.00	9.18
7.28	9.59	14.18	12.60	14.33
6.05	5.53	5.20	12.30	4.77
2.23	0.67	1.17	1.13	1.29
3.82	4.86	4.03	11.17	3.48
0.15	0.39	1.35	0.99	0.89
3.97	5.25	5.38	12.16	4.37
5.29%	3.20%	1.75%	5.06%	1.62%
0.57	0.31	1.59	0.87	0.00
1.03	0.51	1.38	1.37	0.54
1.11	3.01	2.27	0.70	0.00
8.00	7.03	6.99	8.00	2.16
0.11	0.17	0.28	0.00	0.07
0.24	0.11	0.72	0.00	1.29
0.78	2.28	0.33	0.00	2.22
0.82	0.29	1.47	0.00	0.04
0.18	2.62	3.66	13.84	4.58
2.13	5.47	6.46	13.84	8.20

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.56%	1.74%	1.73%	1.23%
Direct wages	15.70	15.35	16.72	15.58
General factory salaries and wages	2.47	1.82	3.19	3.60
Packing, shipping and delivery wages	0.81	0.72	0.82	0.60
Payroll taxes	1.52	1.45	2.03	1.60
Employee benefits	2.52	2.42	3.15	2.81
TOTAL FACTORY PAYROLL	24.58	23.50	27.64	25.42
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.35	0.28	0.32	0.27
Depreciation - other	2.99	2.85	3.39	3.47
Taxes - real estate	0.23	0.22	0.32	0.19
Taxes - other	0.15	0.12	0.17	0.19
Insurance	0.23	0.27	0.19	0.18
Building rent	0.60	0.68	0.44	0.22
Utilities - heat, light, etc.	1.34	1.20	1.85	1.68
Equipment rental	0.27	0.24	0.46	0.34
Total Fixed Expenses	6.16	5.86	7.14	6.54
Other Expenses				
Factory supplies and expense	2.11	1.99	2.97	2.73
Packing, shipping and delivery expense	0.86	0.68	0.89	1.36
Repairs and maintenance	1.45	1.50	1.75	1.59
Other factory expenses	0.69	0.53	0.83	1.04
Total Other Expenses	5.11	4.70	6.44	6.72
TOTAL FACTORY EXPENSES	11.27	10.56	13.58	13.26
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.26	1.29	1.28	1.22
Salaries - office	1.45	1.39	1.32	1.21
Payroll taxes	0.17	0.19	0.17	0.14
Employee benefits	0.38	0.36	0.43	0.45
Bad debts	0.37	0.25	0.52	0.37
Office supplies and expenses	0.26	0.23	0.26	0.27
Professional fees	0.36	0.37	0.44	0.37
Taxes - business	0.08	0.08	0.07	0.11
Telephone	0.29	0.28	0.24	0.18
Other administrative expenses	1.13	1.12	0.94	0.70
TOTAL ADMINISTRATIVE EXPENSES	5.75	5.56	5.67	5.02
SELLING EXPENSES				
Salaries - executive	0.79	0.83	0.60	0.86
Salaries and commissions - salesmen	4.07	3.38	1.36	0.96
Salaries - sales office clerical	0.76	0.95	0.65	0.44
Payroll taxes	0.25	0.29	0.16	0.09
Employee benefits	0.40	0.48	0.26	0.20
Advertising	0.30	0.26	0.19	0.07
Travel and entertainment	0.65	0.57	0.39	0.32
Other selling expenses	0.90	1.31	0.60	0.68
TOTAL SELLING EXPENSES	8.12	8.07	4.21	3.62

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
0.32%	0.74%	2.67%	1.80%	1.82%
16.01	15.02	16.84	14.08	18.03
1.47	2.93	3.33	1.65	1.73
0.67	0.03	0.73	0.58	0.80
1.70	2.72	2.31	1.46	1.39
2.31	2.28	3.43	2.33	4.53
22.48	23.72	29.31	21.90	28.30
0.37	0.12	0.31	0.22	0.20
2.60	3.12	2.08	2.75	1.71
0.08	0.46	0.24	0.27	0.63
0.15	0.23	0.27	0.02	0.17
0.22	0.14	0.12	0.05	0.13
0.22	0.47	0.09	0.10	0.70
1.29	1.20	1.52	1.77	1.29
0.03	0.73	0.64	0.33	0.05
4.96	6.47	5.27	5.51	4.88
2.61	2.70	3.60	2.62	1.94
0.71	1.09	0.66	0.33	0.83
1.81	1.59	1.94	1.57	1.88
0.26	(0.03)	0.61	0.47	3.23
5.39	5.35	6.81	4.99	7.88
10.35	11.82	12.08	10.50	12.76
1.55	0.52	1.39	2.29	0.69
0.92	0.75	1.87	1.09	1.74
0.08	0.15	0.25	0.15	0.16
0.27	0.34	0.48	0.33	0.32
0.40	0.16	0.20	0.22	0.10
0.31	0.18	0.28	0.19	0.09
0.29	0.26	0.53	0.37	0.20
0.15	0.44	0.36	0.00	0.00
0.27	0.31	0.28	0.31	0.29
0.11	0.80	1.22	0.65	1.56
4.35	3.91	6.86	5.60	5.15
0.25	0.67	0.81	1.08	1.11
1.92	1.22	2.90	3.08	2.98
0.07	2.44	0.98	0.72	1.18
0.02	0.30	0.30	0.31	0.29
0.08	0.26	0.42	0.29	0.48
0.04	0.26	0.13	0.03	0.58
0.48	0.41	0.66	1.28	1.25
0.07	0.12	1.12	0.21	1.31
2.93	5.68	7.32	7.00	9.18

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
ASSETS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
CURRENT ASSETS				
Cash	4.13%	7.42%	3.61%	6.08%
Receivables	32.36	31.30	26.58	23.92
Inventories	15.02	12.80	15.33	12.30
Other current assets	3.39	4.51	4.68	8.32
TOTAL CURRENT ASSETS	54.90	56.03	50.20	50.62
FIXED ASSETS				
Real estate	13.75	10.60	12.99	12.32
Less: Accumulated depreciation	3.42	2.14	4.12	3.68
	10.33	8.46	8.87	8.64
Machinery and equipment	56.88	52.11	71.89	69.70
Less: Accumulated depreciation	27.22	24.04	35.38	32.10
	29.66	28.07	36.51	37.60
Other fixed assets	5.02	5.93	3.04	1.23
Less: Accumulated depreciation	2.40	2.54	1.34	0.72
	2.62	3.39	1.70	0.51
NET FIXED ASSETS	42.61	39.92	47.08	46.75
OTHER ASSETS	2.49	4.05	2.72	2.63
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	7.80	2.58	7.38	4.50
Accounts payable	12.92	11.58	11.16	8.30
Other current liabilities	10.41	11.78	8.21	7.07
TOTAL CURRENT LIABILITIES	31.13	25.94	26.75	19.87
LONG-TERM LIABILITIES	26.72	20.97	31.54	28.83
TOTAL LIABILITIES	57.85	46.91	58.29	48.70
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.15	53.09	41.71	51.30
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.76	2.16	1.88	2.55
QUICK RATIO	1.28	1.67	1.30	1.93
TOTAL LIABILITIES TO EQUITY	1.37	0.88	1.40	0.95
LONG-TERM LIABILITIES TO EQUITY	0.63	0.39	0.76	0.56
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.48	0.46	0.49	0.46

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.68%	3.62%	3.79%	3.65%	1.07%
26.18	41.28	33.39	35.70	23.50
23.98	18.27	17.13	19.75	26.85
0.74	1.64	6.78	5.80	0.80
54.58	64.81	61.09	64.90	52.22
17.70	8.47	21.61	8.73	34.37
5.35	4.12	7.02	3.10	6.53
12.35	4.35	14.59	5.63	27.84
47.75	67.66	47.34	41.03	39.44
28.78	39.61	28.13	17.67	23.01
18.97	28.05	19.21	23.36	16.43
1.96	4.05	3.19	9.90	2.92
1.48	1.95	1.71	4.57	1.63
0.48	2.10	1.48	5.33	1.29
31.80	34.50	35.28	34.32	45.56
13.62	0.69	3.63	0.78	2.22
100.00	100.00	100.00	100.00	100.00
17.62	7.93	3.82	0.48	0.00
16.57	18.59	9.59	16.63	12.52
5.85	7.01	15.18	18.57	15.96
40.04	33.53	28.59	35.68	28.48
23.72	47.43	22.62	16.00	25.99
63.76	80.96	51.21	51.68	54.47
36.24	19.04	48.79	48.32	45.53
100.00	100.00	100.00	100.00	100.00
1.36	1.93	2.14	1.82	1.83
0.76	1.39	1.54	1.27	0.89
1.76	4.25	1.05	1.07	1.20
0.65	2.49	0.46	0.33	0.57
0.60	0.59	0.59	0.43	0.58

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 58,085	$ 58,883	$ 53,034	$ 57,657
Average assets per factory employee (Excluding Executives)	75,606	75,191	63,365	66,786
Average net worth per employee - All employees	23,403	30,211	21,816	29,935
Average gross plant investment per factory employee (Excluding Executives)	56,147	51,396	54,636	55,784
Net worth percentage of fixed assets	112.79%	147.11%	98.49%	123.86%
EMPLOYEES				
Percent factory - All employees	81.56%	82.64%	87.30%	89.24%
Percent administrative - All employees	8.50	7.65	7.59	6.73
Percent sales - All employees	9.94	9.71	5.11	4.03
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 103,182	$ 104,364	$ 87,496	$ 89,942
Sales per factory employee	127,644	126,726	100,966	101,595
Sales less material per factory employee	71,631	74,151	58,559	59,419
Sales per administrative employee	1,414,110	1,633,397	1,324,262	1,582,503
EXCLUDING EXECUTIVES				
Sales per employee - All employees	109,913	111,093	92,768	94,111
Sales per factory employee	133,865	133,269	105,569	104,852
Sales less material per factory employee	75,130	78,177	61,214	61,340
SALES PER SALESMAN	1,397,697	1,470,366	3,313,455	3,881,005
SALES TO CURRENT ASSETS	356%	337%	355%	328%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	34.12%	32.66%	33.87%	30.98%
Factory payroll percentage of gross plant investment	63.76	64.02	56.02	50.02
Payroll per employee - All employees	$ 33,848	$ 32,037	$ 28,844	$ 27,590
Payroll per factory employee	30,016	28,224	27,144	25,263
Payroll per administrative employee	39,678	41,862	37,938	42,522
Payroll per sales employee	65,993	61,195	65,364	68,470
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 26,623	$ 24,716	$ 21,920	$ 20,939
Payroll per factory employee	24,290	22,587	21,495	20,422
Payroll per administrative employee	20,496	20,176	19,043	20,108
Payroll per sales employee	57,167	50,626	45,006	34,923
EXECUTIVE PAYROLL				
Payroll per executive - All executives	72,813	68,468	72,200	77,906
Payroll per factory executive	47,788	47,787	42,019	42,765
Payroll per administrative executive	99,101	103,689	98,590	113,448
Payroll per sales executive	87,056	88,413	78,743	122,029
RECEIVABLES				
Collection period	66.6	66.2	58.5	57.4
PROFIT				
Gross profit percentage of sales	21.47%	26.42%	17.73%	20.88%
Average gross profit per factory employee	$ 28,670	$ 34,813	$ 18,374	$ 21,723
Income before taxes percentage of sales	6.34%	12.46%	6.89%	12.31%
Average income before taxes per employee	$ 6,646	$ 12,764	$ 6,088	$ 10,893

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 60,978	$ 74,910	$ 39,676	$ 60,891	$ 42,270
70,531	89,551	50,890	77,564	52,126
24,667	10,894	19,961	30,293	19,613
49,854	72,074	35,578	50,924	38,018
112.34%	69.22%	150.53%	152.17%	99.87%
86.48%	83.01%	83.53%	83.33%	83.34%
7.77	5.31	8.36	8.30	6.49
5.75	11.68	8.11	8.37	10.17
$ 120,998	$ 134,067	$ 70,716	$ 107,201	$ 65,128
139,476	160,890	84,952	128,642	78,044
65,439	80,838	50,590	73,638	46,723
1,573,993	3,328,125	953,924	1,656,627	1,063,054
124,977	139,343	76,665	117,167	69,032
140,381	165,942	90,659	137,472	81,369
65,866	83,951	54,077	78,817	48,844
1,723,114	4,808,255	1,553,722	1,592,271	1,207,081
410%	299%	310%	290%	321%
27.62%	30.37%	38.72%	31.25%	37.25%
75.47	59.55	83.34	96.71	60.70
$ 33,608	$ 39,393	$ 26,177	$ 33,434	$ 24,159
31,823	38,062	23,650	28,117	22,132
43,992	45,052	36,385	64,656	26,944
53,383	45,161	47,977	83,642	37,730
$ 26,144	$ 30,451	$ 19,452	$ 24,855	$ 18,350
25,635	29,812	18,032	22,450	16,824
20,198	25,756	18,592	19,633	19,121
45,400	36,425	35,916	62,608	28,870
83,350	63,402	45,753	65,381	41,197
66,577	44,731	36,993	36,433	37,105
87,303	103,083	59,271	107,581	41,213
48,752	64,291	74,889	130,000	66,030
44.4	79.7	67.7	67.6	53.0
13.33%	15.12%	19.38%	24.90%	19.10%
$ 19,148	$ 25,032	$ 18,101	$ 34,251	$ 15,467
3.97%	5.25%	5.38%	12.16%	4.37%
$ 5,317	$ 6,943	$ 4,396	$ 13,032	$ 2,922

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.47	$ 4.54	$ 2.48	$ 4.16
Receivables	17.83	17.73	15.42	15.15
Inventories	8.08	6.93	8.74	7.71
Marketable securities	1.04	2.29	1.53	2.87
Other current assets	1.15	0.90	1.68	3.08
	30.57	32.39	29.85	32.97
Plant Investment:				
Land and building	7.90	6.38	8.11	7.72
Machinery and equipment	31.93	30.11	43.06	45.06
Other fixed assets	2.62	3.00	1.72	0.69
	42.45	39.49	52.89	53.47
Non-Current Assets	1.63	2.50	1.93	1.88
TOTAL INVESTMENT	74.65	74.38	84.67	88.32
INVESTMENT TURNOVER PER $100 OF SALES	133.96%	134.44%	118.11%	113.22%
EARNINGS				
Cost of Product	$78.53	$73.58	$82.27	$79.12
Selling Expenses	8.12	8.07	4.21	3.62
Administrative Expenses	5.75	5.56	5.67	5.02
	92.40	87.21	92.15	87.76
Income Before Interest, Other Income, and Taxes	7.60	12.79	7.85	12.24
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	10.18%	17.19%	9.27%	13.86%

** Sample insufficient for Profit Leaders.

NEWSPAPER**	DIRECT MAIL-CATALOG**	BOOK		PACKAGING**
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 1.70	$ 2.06	$ 2.15	$ 2.22	$ 0.52
11.66	21.69	17.59	17.93	14.39
10.58	9.41	9.05	10.57	18.11
0.00	0.00	2.76	4.05	0.00
0.43	0.68	1.41	0.10	0.40
24.37	33.84	32.96	34.87	33.42
8.48	5.66	12.30	5.98	21.14
23.67	36.06	25.60	24.73	24.10
0.89	1.66	1.96	6.49	1.42
33.04	43.38	39.86	37.20	46.66
7.87	0.28	2.41	0.54	1.08
65.28	77.50	75.23	72.61	81.16
153.19%	129.03%	132.93%	137.72%	123.21%
$86.67	$84.88	$80.62	$75.10	$80.90
2.93	5.68	7.32	7.00	9.18
4.35	3.91	6.86	5.60	5.15
93.95	94.47	94.80	87.70	95.23
6.05	5.53	5.20	12.30	4.77
9.27%	7.14%	6.91%	16.94%	5.88%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	141	$16,001,000	$27,115,000	$1,831,000
TOTAL - PROFIT LEADERS*	46	19,131,000	31,834,000	3,814,000
BY SIZE OF FIRM				
ALL FIRMS				
$10,000,000-$20,000,000	71	7,882,000	13,980,000	752,000
$20,000,000-$40,000,000	49	16,392,000	27,425,000	1,834,000
$40,000,000-$80,000,000	15	27,808,000	50,107,000	3,461,000
$80,000,000-$160,000,000	5	69,103,000	92,786,000	6,754,000
PROFIT LEADERS				
$10,000,000-$20,000,000	19	8,343,000	13,886,000	1,719,000
$20,000,000-$40,000,000	19	18,868,000	27,781,000	3,535,000
$40,000,000-$80,000,000	6	26,406,000	47,885,000	5,267,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	81	13,115,000	23,534,000	1,493,000
Magazine and Periodical	29	26,453,000	41,979,000	3,547,000
Newspaper	2	10,729,000	21,916,000	913,000
Direct Mail - Catalog	2	30,975,000	49,535,000	2,445,000
Book	11	10,232,000	17,830,000	1,011,000
Packaging	2	7,872,000	12,830,000	535,000
PROFIT LEADERS				
Commercial and Advertising	29	12,279,000	21,769,000	2,700,000
Magazine and Periodical	12	35,574,000	60,139,000	6,983,000
Book	2	10,995,000	18,392,000	2,228,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 35.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

HOW DO YOU COMPARE IN NORTH AMERICA?

The Individual Company Computer Printout is a fundamental part of the PIA Financial Ratio Study. It is a detailed, well-organized presentation of key financial information that encompasses every facet of your printing business. It contains data specific to your company that are not available in the published volumes of the study. The Individual Company Computer Printout, designed with you, the busy printing executive in mind, is a concise presentation of:

- Your firm's operating statement;
- Your firm's balance sheet;
- Supporting schedules for your firm's income statement and balance sheet; and
- Your firm's Return on Investment.

In addition:

- Your firm's financial data are expressed in dollars and ratio form;
- The ratios of your printing firm are compared side by side with the ratios of all other ratio study participants and "profit leaders," based on both sales revenue and value added. Ratios of survey participants and "profit leaders" that produce the same products and use the same manufacturing process are also presented for your immediate comparison;
- Using the same presentation format described in the previous item, the ratios of your printing firm are also compared side by side with the ratios of all survey participants and "profit leaders" that are approximately the same size in terms of sales; and
- Finally, "significant facts" statistics are presented to help you gauge where your company stands relative to industry "profit leaders" and the U.S. and Canadian printing industries as a whole.

Because of the detail that the Individual Company Computer Printout contains, it can quickly help you identify those areas and operations of your business that are running efficiently and those that are not. You'll be able to ascertain the seriousness of problems and how much corrective action is necessary. The bottom line is that you can purchase all of these data for a small fraction of what you would have to pay if you generated a similar analysis from scratch.

If you are part of the 1985 database, and have not already done so, I urge you to make the investment. If you are not part of the database, please consider participating in the 1986 PIA Financial Ratio Study and availing yourself of this particular service.

William A. Rose, II
Director, PIA Financial Services